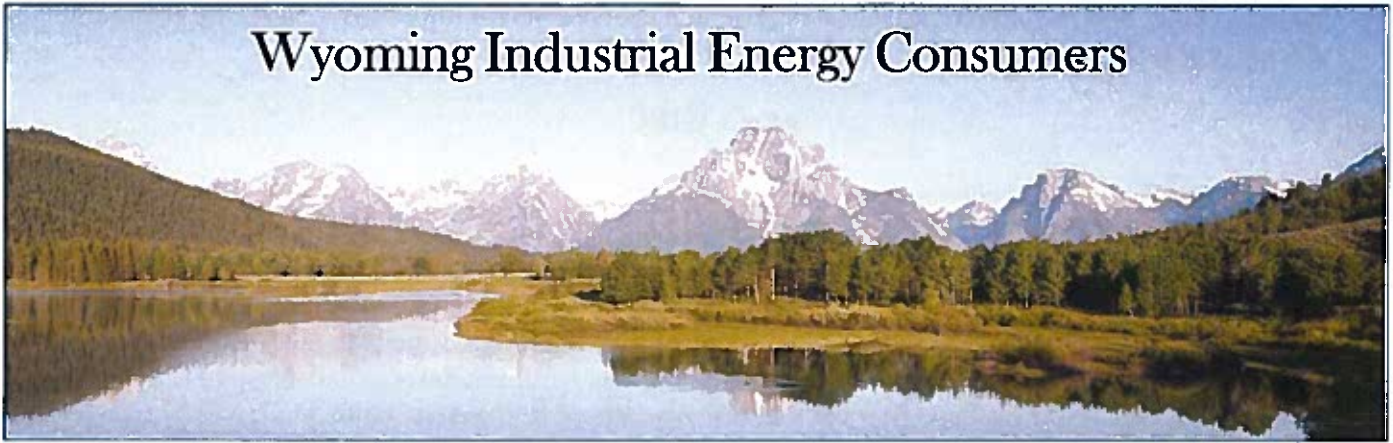


Wyoming Industrial Energy Consumers



WIEC May 2019 Presentation To The Corporations and Minerals Interim Committees

Who is WIEC?

- The Wyoming Industrial Energy Consumers (WIEC) is an unincorporated association of over 20 large companies that are all large Rocky Mountain Power customers. WIEC members employ thousands of people in Wyoming and make up a sizable percentage of Wyoming's economy in terms of both jobs created and taxes paid. WIEC was organized in 1996 and has fought for the last twenty plus years to keep Rocky Mountain Power's electric rates reasonable and affordable.

What is the problem and what can be done?

- PacifiCorp is currently completing its 2019 Integrated Resource Plan (IRP), which is the process it uses to determine if it needs new electric generation or transmission resources to meet its loads. On April 25, PacifiCorp released its updated coal studies, **which purport that it is economical to retire four Wyoming coal-fired generation units as early as 2022:** Naughton 1 and 2 (357 MW) and Jim Bridger 1 and 2 (713 MW). The results of the coal study can be seen in the attached document, PacifiCorp's April 25 slide deck. Importantly, PacifiCorp's coal studies assume a carbon tax that increases into the future. **This speculative carbon tax makes up 77% of the purported savings from the early retirements of Naughton 1 and 2 and Jim Bridger 1 and 2.**
- Those retirements are on top of the proposed 2027 retirement of the 4 units at Dave Johnson (762 MW) and the proposed 2029 retirement of the Wyodak plant (268 MW). Based on PacifiCorp's current plans, that translates into 2,100 MW of coal unit retirements over the next 10 years. The last PacifiCorp coal-fired units in Wyoming, Jim Bridger 3 and 4 (695 MW), are proposed for retirement in 2037.
- PacifiCorp serves six states in total (Wyoming, Idaho, Utah, Oregon, Washington, and California) and is bound to comply with the laws of the western states in planning its IRP generation portfolio mix. Specifically, Oregon and Washington recently passed or are considering legislation that require their electricity 100% "clean" by 2030. **These laws are clearly impacting PacifiCorp's decision-making regarding plant closures in Wyoming.** The laws in Oregon and Washington are attached.
- Last session, the Wyoming Legislature passed SF0159, which provides a way for Wyoming to maintain coal plants—and associated jobs—that PacifiCorp has found to be uneconomical. SF0159 was an important first step in Wyoming reigning control over its generation sources. But PacifiCorp's recent coal study changes the landscape and **Wyoming cannot just rely on PacifiCorp and must find a way to create opportunities for individual Wyoming companies to choose their own generation fuel source if the Wyoming coal-fired generation fleet is going to have any chance to stay in business.**
- But last session the Wyoming Legislature declined to allow companies who buy the retiring plants to sell directly to Wyoming customers and, instead, limited those sales to sales back to PacifiCorp—the same entity who proposes to retire the coal-fired generation. The Legislature also declined to adopt SF0124 and allow Wyoming companies the opportunity to have third-parties build Wyoming-based coal or gas-fired generation.
- WIEC encourages the committee to reconsider these issues. Creating the opportunity for Wyoming customers to directly purchase from companies who buy retiring coal-fired plants or work with third-

parties to build new Wyoming-based coal or gas-fired generation will **lower costs, keep the economy strong, and keep Wyoming using its abundant coal and gas resources.**

About WIEC

WIEC is integral to Wyoming's economy.

- WIEC companies employ over 3,000 people in Wyoming.
- WIEC members are major producers of natural gas, oil, trona, soda ash, phosphates, and sulfuric acid.
- Members are involved in numerous trade associations that connect Wyoming to the state and national economy, including American Fuel and Petrochemical Manufacturers, American Petroleum Institute, Petroleum Association of Wyoming, Wyoming Agricultural Business Association, Western Energy Alliance, Wyoming Construction Association, and Wyoming Mining Association.

WIEC has invested significantly in Wyoming.

- WIEC members, in aggregate, contribute over \$300 million annually in state and county taxes and royalty income to the state of Wyoming.
- WIEC members operate in counties throughout the state including Big Horn, Campbell, Carbon, Converse, Fremont, Goshen, Hot Springs, Lincoln, Natrona, Niobrara, Park, Sheridan, Sublette, Sweetwater, Uinta, and Washakie.
- The WIEC members have invested billions of dollars in Wyoming through company operating expenses and assets.
- Additionally, WIEC members contribute millions of dollars to Wyoming communities through volunteer programs, charitable contributions, and community building projects.

WIEC and electricity.

- WIEC members collectively purchase about half of the electricity sold by Rocky Mountain Power in Wyoming, and these electricity costs are a major part of WIEC members' operating costs.
- Fighting for reasonable electric rates is a key way to keep industry investing and creating jobs in Wyoming because electric rates are one of the most significant expenses faced by Wyoming companies and can be a severe restriction on economic growth.
- Currently, about one-fourth of WIEC members have found it cost-effective to build self-generation to supply electricity for their operations.

What are the next steps?

- WIEC encourages legislators to support and consider sponsoring a bill that would allow customers to take control over their generation resources and choose to use Wyoming gas and coal to generate electricity. We welcome questions and concerns and would be glad to meet to discuss the bill further.

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